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Date: February 23, 2016
To: Senate Rules Committee
Fr: Janet Billups, OHSU General Counsel
Re: HB 4092

A handwritten signature in black ink, appearing to read "Janet Billups", is written over the "Fr:" line of the header.

OHSU is Oregon's only academic health center. As part of our public mission, OHSU strives for excellence in health care, education, research and scholarship, clinical practice and community service focusing on serving the health care needs of all Oregonians. OHSU has grown to over 16,000 employees, trains more than 2,400 future health care providers, and serves more than half a million patients year.

In 1995 the Oregon State Legislature made OHSU a public corporation separate from the state and it's Oregon University System. A key goal of the legislation was to place OHSU on a level playing field with its competitors in the fast paced health care market. Having the same flexibility and access to capital as the private health care sector was a lifeline to allow OHSU to continue to better serve the Oregonians in health care services, research and education.

Legislative history from 1995 reflects that the applicability of Art. XI, sec. 6 of the Oregon Constitution was specifically considered. The result was that the legislation provides that OHSU is not a state agency for purposes of this constitutional provision, and more importantly, that the state has no proprietary or other interest in stock or other equity owned by OHSU. This language – which is born out in OHSU's operations -- specifically mirrors the language of Oregon Supreme Court cases that address this issue. The legal opinion of Mr. Roy Pulvers (attached to this memorandum) is a carefully researched analysis that concludes that ownership of corporate stock by OHSU does not violate Art. XI, sec. 6 of the Oregon Constitution. OHSU thus believes that, for its purposes, a constitutional amendment stating this fact is unnecessary.

It is also useful to note that although the public universities legislation of ORS chapter 352 was initially modeled on OHSU's statute (including the section relating to stock ownership), when finally adopted ORS chapter 352 differed from OHSU's ORS chapter 353 in many important ways. OHSU is a "public corporation" whereas the others are "public universities". OHSU is not under the overall jurisdiction of the Higher Education Coordinating Commission, it's budget process is handled differently from the public universities, it is not required to participate in shared services with other public universities, and real property is conveyed directly to OHSU.

We appreciate that HB 4092 is being constructed with language that clearly describes OHSU as outside the purview of this constitutional amendment.